EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

OCT 2 3 1969

Honorable Richard Helms
Director, Central
Intelligence Agency
Washington, D. C. 20505

Attention: Mr. John Maury
Legislative Counsel

Dear Mr. Helms:

This is in response to Mr. Maury's request of October 21, 1969, for advice on a draft bill "To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes."

The draft bill would provide for employees covered under the CIA Retirement Act the benefit liberalizations recently provided for Federal employees under the Civil Service retirement system in P.L. 91-93. We recognize the equity of providing to members of the CIA retirement system benefits equivalent to those available to members of the civil service retirement system.

On the other hand, a primary purpose of P.L. 91-93 was to provide adequate financing for the civil service retirement system. It does this by providing for:

- contribution rates which completely cover normal cost (13.98%),

- special appropriations in amounts equal to the unfunded liability resulting from future pay raises, liberalizations of benefits, or extensions of coverage to other groups,

- annual payments from the Treasury to cover interest on the existing unfunded liability, and

- annual payments from the Treasury to cover the annual cost of annuity payments attributable to military service credits.

We believe that adequate financing should also be provided for the CIA retirement system. We understand that an actuarial study of the CIA retirement system is currently underway and will be completed in the near future. When the results are available, we would appreciate your advising us:

- if the combined employee/agency contributions contained in your draft bill will cover the normal cost of the CIA system and, if not, how you would propose to fund the normal cost, and

- how interest on the existing unfunded liability and new unfunded liability resulting from future pay increases and benefit liberalizations should be funded.

In the interim, however, there is no objection, from the standpoint of the Administration's program, to the submission of the draft legislation to the Congress.

Sincerely yours,

Wilfred H Rommel

Wilfred H. Rommel
Assistant Director for
Legislative Reference